

October 8, 1954

Arthur E. Dean, Jr.
Assistant Attorney General

Attorney General

Mr. Walter G. White, Chairman
State of New Hampshire
Water Resources Board
Concord, New Hampshire

Dear Sir:

You have requested the opinion of this office as to whether you may insure property owned by the Water Resources Board against loss from fire and other casualty. It is our opinion that you may so insure.

While generally such insurance is prohibited by R.L. c. 27, s. 35 as amended by c. 5, Pt. 24, s. 1 of the Laws of 1950, the said prohibition applies to the use of state funds to insure property owned by the state. In effect, the state is thus a self-insurer and loss of property would result in the necessity for a legislative appropriation for replacement purposes.

The New Hampshire Water Resources Board is a public corporation and has the power to acquire and use property for the purposes outlined in R.L. c. 266. The corporation may issue its own bonds, it makes contracts and sells the products of its projects, and it has the use of the funds so acquired. In addition, the statute indicates in s. 14, pt. 19, that property financed by such bond issues may be insured to protect bond holders.

A consideration of the above factors indicates that while property is held in the name of the state, the funds are not in the true sense appropriated state funds. It is for this reason that an expenditure for insurance purposes is permitted.

Very truly yours,

Arthur E. Dean, Jr.
Assistant Attorney General

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cc: Harold Cheney

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